



Zululand
District Municipality

ADJUSTMENT BUDGET 2025-2026

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GLOSSARY

Adjustment Budgets – it is the formal means by which a municipality may revise its budget during a financial year. Prescribed in section 28 of the Municipal Finance Management Act.

Allocations– money received from Provincial or National Government or other municipalities.

AFS – Annual Financial Statements.

Budget – the financial plan of the municipality.

Budget related policy – policy of a municipality affecting or affected by the budget.

Capital Expenditure – spending on municipal assets such as land, buildings, distribution networks, treatment plants and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statements – a statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings.

CFO – Chief Financial Officer

DORA – Division of Revenue Act. An annual legislation indicating the allocations from National Government and Provincial Government

DWAF – Department of Water Affairs

EPWP – Expanded Public Works Program

Equitable Share – a general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

FMG – Financial Management Grant

Fruitless and wasteful expenditure – expenditure that was made in vain and would have been avoided had reasonable care been exercised

GRAP – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared

MSCOA – Municipal Standard Chart of Accounts

IDP –Integrated Development Plan. The main strategic planning document of a municipality

KPI – Key Performance Indicators. Measures of service output and/or outcome

LED – Local Economic Development

MFMA – Municipal Finance Management Act (No. 53 of 2003). The principal piece of legislation relating to municipal finance management

MIG – Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

WSIG – Water services Infrastructure Grant

MTREF – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level. Also includes details of the previous three years and current years' financial position.

MWIG – Municipal Water Infrastructure Grant

Operating Expenditure – spending on the day to day expenses of a municipality such as general expenses, salaries & wages, and repairs & maintenance

R & M – Repairs and Maintenance

SCM - Supply Chain Management

SSBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget statements

Strategic Objectives - the main priorities of a municipality as set out in the IDP Budget spending must contribute towards achievement of these strategic objectives.

Unauthorized Expenditure – generally spending without or more than an approved budget.

Virement – transfer of budget

ZDM – Zululand District Municipality

PART 1 – ADJUSTMENT BUDGET

1.1 MAYOR’S REPORT

ADJUSTMENT BUDGET SPEECH BY THE HONOURABLE MAYOR OF ZULULAND DISTRICT MUNICIPALITY, COUNCILLOR MB KHUMALO DELIVERED TO THE MUNICIPAL COUNCIL FOR 2025/202 ADJUSTMENT BUDGET IN NATAL SPAR CONFERENCE ROOM AT EDUMBE.

Honourable Speaker,
Honourable Deputy Mayor,
AmaKhosi aseNdlunkulu
Councillors,
Municipal Manager,
Directors,
Staff,
Ladies and Gentlemen

It is indeed a great honor for me, as we look on the second half of the financial year in this term of office, to present to you, the 2025/2026 and 2026/2027 2027/2028 multi-term budget. The Municipal Finance Management Act, No. 56 of 2003 continues to emphasize reforms to all of us as it aims to modernize budget and financial management practices by placing local government finances on a sustainable footing in order to maximize the capacity of municipalities to deliver services to all.

As the Mayor, it is my distinct responsibility to lead this council with a clear understanding of our fiscal realities and an unwavering commitment to our constitutional mandate. The financial distress we face, evidenced by a concerning current ratio of 0.23:1 against the required 2:1 and a cost coverage ratio of zero months, demands that we confront hard truths with courage and transparency. It is undeniable that our previous financial practices, including unauthorised deviations and a failure to accurately register indigent beneficiaries, have led us to a precarious position. This adjustment budget is not merely an administrative exercise; it is a necessary and funded course correction designed to ensure compliance with Treasury regulations, protect our equitable share, and lay a stable foundation for the future. We cannot afford the severe consequences of an unfunded budget, and therefore, this plan is essential to safeguard the progress of our people.

This adjustment budget is crafted as a tool for recovery, resilience, and renewed purpose. While it reinforces our commitment to existing programs that define our identity such as the Ultra Marathon, Legacy Cup, and Ingoma it also strategically creates space for new, critical initiatives. It allows us to engage our unemployed graduates, launch a scholar transport competition for the safety of our children, and explore alternative solutions like internal security employment to curb rising costs. This plan is our collective roadmap to move from a position of financial vulnerability to one of stability and efficient service delivery. I urge this house to

endorse this funded adjustment budget, not as an end, but as a disciplined beginning to the intensified work of fixing our municipality and delivering on the promises we have made to our communities.

Honorable Speaker, in conclusion I would like to take this opportunity to express my sincere thanks to the Municipal Manager, Heads of Departments and staff involved, for their dedication and commitment to this adjustment budget.

Lastly, Honorable Speaker, I wish to state that this adjustment Budget Speech represents an executive summary of our Municipality's adjustment budget 2025/2026 Financial Year.

I thank you.

1.2 COUNCIL RESOLUTIONS

The council resolves that:

2024/2025 adjustment budget be approved as set-out in the following tables:

Table B1 Budget Summary.

Table B2 Budgeted Financial Performance (revenue and expenditure by standard classification).

Table B3 Budgeted Financial Performance (revenue and expenditure by municipal vote).

Table B4 Budgeted Financial Performance (revenue and expenditure).

Table B5 Budgeted Capital expenditure by vote, standard classification and funding.

That the financial position, cash flow, cash backed reserve/accumulated surplus, asset management and basic delivery targets are adopted as set out in the following tables:

Table B6 Budgeted Financial Position.

Table B7 Budgeted Cash Flows

Table B8 Cash backed reserves/accumulated surplus reconciliation.

Table B9 Asset Management

Table B10 Basic service delivery measurements

The comments on mid-year budget and performance assessment by provincial treasury be noted.

The Quality Certificate be approved.

1.3 EXECUTIVE SUMMARY

MAIN BUDGET SUMMARY

The Summary of the budget is prepared in terms of the prescribed budget formats, detailing revenue by source type and expenditure type. The summary report indicates the following:

	FINAL BUDGET YEAR 2025/2026	ADJUSTMENT	ADJUSTED BUDGET 2025/2026	BUDGET YEAR 2026/2027	BUDGET YEAR 2027/2028
OPERATING REVENUE	815 238 443	34 949 923	850 188 366	857 163 563	899 920 948
CAPITAL GRANTS AND TRANSFERS	916 219 000	1 445 896	917 664 896	781 371 000	838 777 000
TOTAL BUDGET REVENUE	1 731 457 443	36 395 819	1 767 853 262	1 638 534 563	1 738 697 948
OPERATING EXPENDITURE	553 766 368	257 943 156	811 709 524	552 196 762	580 581 379
CONTRIBUTION TO CAPITAL	742 877 267	8 205 866	751 083 133	673 595 690	628 768 366
TOTAL BUDGET EXPENDITURE EXCLUDING VAT CAPEX	1 296 643 635	266 149 022	1 562 792 657	1 225 792 452	1 209 349 745
CAPITAL EXPENDITURE - GRANTS AND TRANSFERS	742 877 267	8 205 866	751 083 133	650 180 318	698 768 461
CAPITAL EXPENDITURE - EXTERNAL LOAN FUNDING					
CAPITAL EXPENDITURE - INTERNALLY FUNDED ASSETS					
TOTAL CAPITAL EXPENDITURE	742 877 267	8 205 866	751 083 133	650 180 318	698 768 461
TOTAL BUDGET REVENUE	1 731 457 443	36 395 819	1 767 853 262	1 638 534 563	1 738 697 948
TOTAL BUDGET EXPENDITURE	1 296 643 635	266 149 022	1 562 792 657	1 202 377 080	1 279 349 840
SURPLUS/DEFICIT	434 813 808	- 229 753 203	205 060 605	436 157 483	459 348 108

- The Municipality relies mainly on government grants, with limited revenue from service charges.
- The budget was assessed as funded, requiring the Municipality to maintain this funded status.
- The adjustment budget reflects increases in both the capital and operating budgets.
- Although the budget was approved, it was clear early on that available funding was insufficient for the high service delivery demands.
- Some service delivery activities had to be reduced, while others could not be limited, leading to unavoidable unbudgeted expenditure.
- A recovery plan was developed and will be tabled alongside the adjustment budget.

Operating revenue Framework

OPERATING REVENUE	FINAL BUDGET YEAR 2025/2026	ADJUSTMENT	ADJUSTED BUDGET 2025/2026	BUDGET YEAR 2026/2027	BUDGET YEAR 2027/2028
Service charges - water revenue	63 953 799	- 12 736 827	51 216 972	66 895 674	69 839 083
Service charges - sanitation revenue	18 494 480	- 1 515 687	16 978 793	19 345 226	20 196 416
Rental of facilities and equipment	503 998	- 21 616	482 382	503 998	503 998
Interest earned - external investments	8 000 000	- 2 195 601	5 804 399	8 368 000	8 736 192
Interest earned - outstanding debtors	858 157	- 210 283	647 874	897 633	937 129
Fines, penalties and forfeits	605 171	- 347 262	257 909	633 008	660 861
Licences and permits	294 834	- 110 391	184 443	308 397	321 966
Transfers and subsidies	720 384 000	52 210 972	772 594 972	757 969 000	796 384 000
Other revenue	2 144 004	- 123 382	2 020 622	2 241 828	2 324 584
TOATL OPERATING REVENUE	815 238 443	34 949 923	850 188 366	857 162 763	899 904 229

Operating revenue increased by **R34.9 million**, from **R815.2 million** to **R850 million**, due to various budget adjustments.

The Municipality has revised several revenue items downward. Water service charges were reduced by **R12.7 million**, from **R63.9 million** to **R51.2 million**. Sewer service charges decreased by **R1.5 million**, from **R18.4 million** to **R16.9 million**. Fines, penalties, and forfeits were reduced by **R347,000**, from **R605,000** to **R257,000**. Interest earned from investments and the current account declined by **R2.1 million**, from **R8 million** to **R5.8 million**. Interest on outstanding debtors decreased by **R210,000**, from **R858,000** to **R647,000**. Other revenue declined by **R279,000**, from **R2.1 million** to **R1.8 million**.

Conversely, transfers and subsidies increased from **R720 million** to **R773 million**. The major contributors to this upward adjustment include a new **R30 million Disaster Management Grant**, a **R7.1 million** rollover from the 2024/2025 disaster management allocation, **R1.4 million** for the Borehole Intervention Programme, **R12 million** from the NSF grant, **R85,000** for the Arts Council Helpdesk, **R200,000** from the AMAFA KaZulu grant, and **R327,000** from LGSETA.

Operating Expenditure Framework

	FINAL BUDGET YEAR 2025/2026	ADJUSTMENT	ADJUSTED BUDGET 2025/2026	BUDGET YEAR 2026/2027	BUDGET YEAR 2027/2028
Employee related costs	302 013 030	85 157	302 098 187	315 905 629	329 805 477
Remuneration of councillors	11 640 131		11 640 131	12 175 577	12 711 303
Debt impairment	4 000 000		4 000 000	4 184 000	4 368 096
Depreciation & asset impairment	95 000 000	107 585	95 107 585	99 370 000	103 742 280
Finance charges	7 575 356	- 221 462	7 353 894	7 923 823	8 272 471
Inventory consumed/ materials	10 250 000	- 204 611	10 045 389	10 705 400	11 161 038
Contracted services	87 676 850	96 699 864	184 376 714	64 770 806	71 764 795
Transfers and subsidies	-	2 251 155	2 251 155	-	-
Other expenditure	35 611 000	159 394 728	195 005 728	37 161 524	38 755 918
TOTAL EXPENDITURE	553 766 368	258 112 416	811 878 784	552 196 759	580 581 378

Operating expenditure has increased by **R260 million** from **R553.7 million** to **R814.6 million**.

This increase is because of the following.

The Municipality has reduced finance charges from **R7.5 million to R7.4 million**, and inventory consumed has decreased from **R10.2 million to R10 million**. Expenditure on contracted services has increased substantially from **R87.6 million to R184 million**, while transfers and subsidies have risen to **R2.3 million**. In addition, other expenditure has grown significantly from **R35.6 million to R195 million**.

Certain essential service delivery costs were incurred despite not being provided for in the approved budget, in order to prevent interruptions in municipal services.

Following an assessment of creditor balances, current commitments, and the Municipality's cash position—and noting that the approved budget contained limited allocations for several critical items—the Municipality was unable to adjust certain essential service delivery votes. Increasing these allocations would further exacerbate the unfunded status of the adjustment budget, particularly given that unavoidable expenditures were incurred outside the approved budget. The Municipality is currently developing a comprehensive plan to finance these additional items while ensuring the continuity of service delivery.

Capital Expenditure and Funding

CAPITAL EXPENDITURE 2025-2026	FINAL BUDGET YEAR 2025/2026	ADJUSTMENT	ADJUSTED BUDGET 2025/2026	BUDGET YEAR 2026/2027	BUDGET YEAR 2027/2028
MUNICIPAL INFRASTRUCTURE GRANT	179 964 223	-	179 964 223	252 919 828	230 545 727
REGIONAL BULK INFRASTRUCTURE GRANT	473 459 130	-	473 459 130	319 038 793	305 997 001
WATER SERVICES INFRASTRUCTURE GRANT	86 956 522	-	86 956 522	99 137 931	89 955 022
RURAL ROAD ASSET MANAGEMENT GRANT	2 410 435	-	2 410 435	2 499 138	2 270 615
INDONSA GRANT	86 957	86 957	173 914	87 706	174 663
BOREHOLE INTERVENTION PROGRAMME		1 257 301	1 257 301		
BACKUP POWER SUPPLY		6 673 013	6 673 013		
TOTAL CAPITAL EXPENDITURE	742 877 267	8 017 270	750 894 537	673 683 396	628 943 028

Capital expenditure has increased by **R8 million** VAT exclusive from **R742.8 million** to **R750.8 million**, this increase is because of the following:

Rewritten Version:

The Municipality received approval to utilise the borehole intervention grant carried over from the 2024/25 financial year, as well as the Indonsa equipment funded through this grant. The budget has also been updated to include provision for backup generators. In line with MFMA mSCOA Circular 13, all capital expenditure is reflected exclusive of VAT.

Financial Position Framework

Summary of Statement of Financial position

	FINAL BUDGET 2025/2026	MOVEMENTS	ADJUSTED BUDGET 2025/2026	BUDGET YEAR 2026/2027	BUDGET YEAR 2027/2028
Current Assets	677 146 297.00	- 223 688 000.00	453 458 297.00	1 207 432 787.36	1 765 830 886.36
Non-Current Assets	5 982 750 926.00	774 004 947.00	6 756 755 873.00	5 790 683 977.00	5 735 272 570.00
Current Liabilities	406 164 039.00	252 115 384.00	658 279 423.00	410 710 893.00	415 457 809.00
Non-Current Liabilities	253 363 310.00	10 162 589.00	263 525 899.00	244 358 043.00	234 918 762.00
Accumulated surplus	6 000 369 874.00	288 038 974.00	6 288 408 848.00	6 343 047 828.36	6 850 726 885.36

Current assets have been revised downwards by **R223 million** from **R677.1 million** to **R453.4 million**, Non-current Assets have been revised upwards by **R774 million** from **R5.9 billion** to **R6.7 billion**, Current Liabilities have been revised upwards by **R252.1 million** from **R406.1 million** to **R658.2 million**, Non-current liabilities have been revised upwards by **R9.2 million** from **R253.3 million** to **R263.5 million** & Accumulated surplus has been revised upwards by **R512 million** from **R5.3 billion** to **R5.8 billion**.

Specific major changes are summarized below:

Total creditors amount to **R658 million**, this represents an increase of **R252 million** from **R406 million**.

The Current ratio is **0.6: 1 [R453 million/658 million]**

Cash position of the municipality is not improving as expected, liabilities have increased. After the thorough engagement of cash position, the municipality has outlined the plan on how the liabilities will be eliminated.

The funding plan clearly align the cash receipts with the cash payments.

OPERATING REVENUE FRAMEWORK

Following Table is a high-level summary of the 2025/2026 Adjusted budget, indicated is the budgeted revenue by source.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure)												
Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	4	5	6	7	8	9	10		
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	63 954	-	-	-	-	-	(12 737)	(12 737)	51 217	66 896	69 839
Service charges - Waste Water Management	2	18 494	-	-	-	-	-	(1 516)	(1 516)	16 979	19 345	20 196
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		800	-	-	-	-	-	701	701	1 502	837	874
Agency services		-	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		858	-	-	-	-	-	(210)	(210)	648	898	937
Interest earned from Current and Non Current Assets		8 000	-	-	-	-	-	(2 196)	(2 196)	5 804	8 368	8 736
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		504	-	-	-	-	-	(22)	(22)	482	504	504
Special rating levies		295	-	-	-	-	-	(110)	(110)	184	308	322
Licence and permits		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		1 344	-	-	-	-	-	(825)	(825)	519	1 405	1 467
Non-Exchange Revenue												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		605	-	-	-	-	-	(347)	(347)	258	633	661
Licences or permits		-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		720 384	-	-	-	-	-	52 211	52 211	772 595	757 969	796 384
Interest		-	-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		815 238	-	-	-	-	-	34 950	34 950	850 188	857 164	899 921

Operating Revenue has decreased by **R34.9 million** from **R815 million** to **R850 million** this decrease is because of the following:

The Municipality implemented the following budget adjustments:

- Service charges reduced by **R12.7 million**.
- Sanitation service charges reduced by **R1.5 million**.
- Sale of goods and rendering of services increased by **R701,000**.
- Interest on outstanding debtors reduced by **R210,000**.
- Interest on investments reduced by **R2.1 million**.
- Rental of facilities reduced by **R22,000**.
- Special Rating Levies reduced by **R110,000**.
- Fines, penalties, and forfeits reduced by **R347,000**.
- Other operational revenue reduced by **R825,000**.
- Operational transfers and subsidies increased by **R52.2 million**.

These funding adjustments are essential to maintaining a fully funded and cash-backed budget. Detailed explanations for each financial performance item follow in the subsequent sections.

Service charges – Water revenue

Service Charges – Water Revenue

The Municipality has reduced the water revenue budget by **R12.7 million**, from **R63.9 million** to **R51.2 million**. This adjustment is primarily due to an increased number of faulty meters, many of which have reached the end of their lifespan, resulting in reliance on average or interim billing. To improve accuracy, the Municipality has commenced the installation of prepaid meters, which provide more reliable consumption data.

Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, the municipality has adjusted the budget downwards by **R1.2 million** from **R18.4 million** to **R16.9 million**. In a decrease in sanitation services goes hand in hand the decrease in water services.

Sale of goods and rendering of services

This is the amount on sale of goods and rendering of services, the municipality adjusted sale of goods and services upwards by **R701 thousand** from **R800 thousand** to **R1.5 million**.

At mid-year analysis the municipality recommended an increase because of the trend from first half of the year, it is expected that more sale of tender documents will happen in second half of the year as we prepare for 2027 financial year.

Interest earned - outstanding debtors.

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The municipality has adjusted the budget downwards by **R210 thousand** from **R858 thousand** to **R648 thousand**. The change is based on the mid-year performance, the acceleration on the projects implementation and the increase in liability results to lower cash available.

Interest on investment

Interest on investment is interest received when the municipality makes cash investments. The municipality adjusted interest on investments downwards by **R2.1 million** from **R8 million** to **R5.8 million**. The acceleration on the projects implementation and the increase in liability results to lower cash available for investments.

Rent of facilities

Rental of facilities this amount is billed for office space leased out, the municipality adjusted rent of facilities downwards by **R22 thousand** from **R504 thousand** to **R482 million**. There is a tenant that has vacated the building.

License and permits

This amount is for Licenses and permits issued for certain businesses. The municipality has adjusted the budget for this line item downwards by **R110 thousand** from **R295 thousand** to **R184 thousand**. The reason for this decrease is driven by mid-year performance analysis.

Other revenue

Other revenue includes amounts for tender fees, skills development levy refund and any other revenue the municipality may be entitled to receive such as sale of consumables, insurance claims, etc. The municipality adjusted the budget downwards by **R825 thousand** from **R1.3 million** to **R519 thousand**.

Fines, penalties, and forfeits

Fines, penalties, and forfeits are mainly amounts charged on illegal connections. The municipality has adjusted the budget downwards by **R347 thousand** from **R605 thousand** to **R258 thousand**. This decrease is based on the year to date actual.

Transfers and subsidies

Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2024; and provincial gazette, Transfers and subsidies is revenue recognized as operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Transfers and subsidies (Grants) are recognized/recorded as revenue when condition has been met, except for equitable share which is not a conditional grant.

All grants are received as per transfer schedule with the exception of Municipal systems improvement grant.

Reasons for variances can be attributed to nature of transfers and subsidies which depend on the transfer schedule and cannot be benchmarked against the year-to-date budget. Grants are not received monthly but in trenches as per approved transfer schedule.

Based on the developments, transfers and subsidies have been adjusted upward by **R52.1 million** from **R720.3** to **R772.5 million**. The municipality received an additional amount of **R30 million** from Disaster and adjusted AMAFA upwards by **R200 thousand**

1.5 OPERATING EXPENDITURE FRAMEWORK

Following Table is a high-level summary of the 2025/2026 Adjusted budget, indicated is the budgeted expenditure by source.

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	4	5	6	7	8	9	10			
R thousands	1	A	A1	B	C	D	E	F	G	H		
Expenditure By Type												
Employee related costs		302 013	-	-	-	-	-	85	85	302 098	315 906	329 805
Remuneration of councillors		11 640	-	-	-	-	-	-	-	11 640	12 176	12 711
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		10 250	-	-	-	-	-	(205)	(205)	10 045	10 705	11 161
Debt impairment		4 000	-	-	-	-	-	-	-	4 000	4 184	4 368
Depreciation and amortisation		95 000	-	-	-	-	-	108	108	95 108	99 370	103 742
Interest		7 575	-	-	-	-	-	(221)	(221)	7 354	7 924	8 272
Contracted services		87 677	-	-	-	-	-	96 700	96 700	184 377	64 771	71 765
Transfers and subsidies		-	-	-	-	-	-	2 251	2 251	2 251	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-	-
Operational costs		35 611	-	-	-	-	-	159 395	159 395	195 006	37 162	38 756
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		553 766	-	-	-	-	-	258 112	258 112	811 879	552 197	580 581

Operating Expenditure has increased by **R258 million** from **R533.7 million** to **R811.8 million** this increase is because of the employee cost, Depreciation & amortisation, contracted services, transfers and subsidies and other expenditure.

Employee Related Costs

Employee related costs are amounts paid for salaries, allowances, service-related benefits, and contributions. The municipality has adjusted upwards the employee's cost by **R85 thousand** from **R302.01 million** to **R302.09 million**. This results from the grant received to cater for the position of helpdesk in the municipality art Centre.

Remuneration of Councilors

Remuneration of Councilors are amounts paid for councilors allowances, service-related benefits, and contributions. The municipality has not adjusted as per mid-year analysis. The municipality did consider the upper limits when tabling the approved budget.

Inventory Consumed

Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable, materials and suppliers and water inventory. The municipality has adjusted this line item downwards by **R205 thousand** from **R10.2 million** to **R10 million**. This results from the virements to general expenses.

Debt impairment

Debt impairment is the amount for provision for non-collection as per council policy. provision for non-collection assessment and calculation is done at year end. National treasuries recommend that the assessment and calculations be done monthly.

The municipality is in the process of aligning its processes to allow calculation of debt impairment monthly.

Depreciation

This is non-cash item budgeted for as per the stipulation of the accounting standards. The municipality has adjusted this line item upwards by **R108 thousand** from **R95 million** to **R95.1 million**.

Finance charges

Finance charges are amounts for interest paid on overdue accounts, interest on loan and finance lease for laptops. The municipality has adjusted this line item downwards by **R221 thousand** from **R7.5 million** to **R7.3 million**.

Contracted services

Contracted services include Outsourced services, Consultants and professional fees, and Contractors.

Contracted services have been adjusted up because the municipality received the grants and must appoint service providers to assist with the service required. The contracted services were adjusted upwards by **R96.8 million from R87.6 million to R184.4 million**. The municipality has underbudgeted on contracted services that are crucial to service delivery, yet the commitments remain the same. The municipality has increased the budget considering the implementation plan to reduce the cost in future.

Transfers and subsidies paid.

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The nature of this expenditure item is occasional and cannot be benchmarked on a straight-line method. The municipality made an adjustment of **R2.2 million** that has to take care of the disaster programs.

Other expenditure

Other expenditure is all other expenditure not classified above, This expenditure item includes cost of electricity for water/sewer plants, Municipal services, external Audit fees, subsistence and travel, fuel, insurance, software licenses, SALGA bargaining council levy, telephone, Hiring charges, uniforms & protective clothing, operating leases, and other operating cost. Some of the expenditure items are once off and incurred in the first half of the financial year and will not be incurred in the second half of the financial year e.g., SALGA bargaining council levy, software licenses, insurance, uniforms & protective clothing, and external audit fees. The municipality has adjusted this line item upwards by **R162 million** from **R35 million** to **R197.7 million**.

1.6 CAPITAL BUDGETING

Table B5 indicates budgeted capital Expenditure by Municipal Vote and standard classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.

DC26 Zululand - Table B5 Adjustments Capital Expenditure Budget by vote and funding

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	+1 2026/27	+2 2027/28
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	15 670	15 670	15 670	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	15 670	15 670	15 670	-	-
Single-year expenditure to be adjusted	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		87	-	-	-	-	-	87	87	174	88	175
Vote 05 - Planning & Wsa		742 790	-	-	-	-	-	(14 224)	(14 224)	728 566	650 093	698 594
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	6 673	6 673	6 673	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		742 877	-	-	-	-	-	(7 465)	(7 465)	735 413	650 180	698 768
Total Capital Expenditure - Vote		742 877	-	-	-	-	-	8 206	8 206	751 083	650 180	698 768
Capital Expenditure - Functional												
Governance and administration		-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		87	-	-	-	-	-	87	87	174	88	175
Community and social services		87	-	-	-	-	-	87	87	174	88	175
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2 410	-	-	-	-	-	-	-	2 410	2 499	2 611
Planning and development		2 410	-	-	-	-	-	-	-	2 410	2 499	2 611
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		740 380	-	-	-	-	-	8 119	8 119	748 499	647 593	695 983
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		740 380	-	-	-	-	-	8 119	8 119	748 499	647 593	695 983
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	742 877	-	-	-	-	-	8 206	8 206	751 083	650 180	698 768
Funded by:												
National Government		742 790	-	-	-	-	-	-	-	742 790	650 093	698 594
Provincial Government		87	-	-	-	-	-	1 533	1 533	1 620	88	175
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Deparim Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	742 877	-	-	-	-	-	1 533	1 533	744 410	650 180	698 768
Borrowing		-	-	-	-	-	-	6 673	6 673	6 673	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		742 877	-	-	-	-	-	8 206	8 206	751 083	650 180	698 768

Capital budget is funded 99% by grants as per DORA, 1% is from internally generated funds. Capital budget funding is as follows: Municipal Infrastructure Grant (MIG), Water Services Infrastructure Grant (WSIG), Regional Bulk Infrastructure Grant (RBIG) and internally generated funds.

Governance and administration

Governance and administration include furniture, ICT infrastructure, safety box and printing machine. Governance and administration budget will remain the same.

Community and public safety

Community and public include furniture and equipment. Community and public safety budget will remain the same.

Economic and environmental services

Economic and environmental services approved budget of **R2.4 million**. The municipality had no adjustment for this line item.

Trading services

Trading services approved budget of **R748 million**.

Trading services include capital grant (RRAMS). Trading services has been revised upwards by **R8.1 million**. This is a rolled over grant from previous year.

Other

Other includes furniture, there are no revised allocations. Other will remain the same.

Projects to be Implemented as per Capital budget.

Capital Grant Expenditure as per MFMA circular no. 58.

In terms of Circular No.58 conditional/capital grants must be reported VAT inclusive, below grants expenditure is VAT inclusive.

CAPITAL EXPENDITURE 2025-2026	FINAL BUDGET YEAR 2025/2026	ADJUSTMENT	ADJUSTED BUDGET 2025/2026	BUDGET YEAR 2026/2027	BUDGET YEAR 2027/2028
MUNICIPAL INFRASTRUCTURE GRANT	206 958 857		206 958 857	293 387 000	267 433 043
REGIONAL BULK INFRASTRUCTURE GRANT	544 478 000		544 478 000	370 085 000	354 956 522
WATER SERVICES INFRASTRUCTURE GRANT	100 000 000		100 000 000	115 000 000	104 347 826
RURAL ROAD ASSET MANAGEMENT GRANT	2 772 000		2 772 000	2 899 000	2 633 913
INDONSA GRANT	100 000	100 000	200 000	101 739	202 609
BOREHOLE INTERVENTION PROGRAMME		1 445 896	1 445 896		
		7 673 964	7 673 964		
TOTAL CAPITAL EXPENDITURE VAT INCLUSIVE	854 308 856.54	9 219 860.39	863 528 716.93	781 472 739.13	729 573 913.04

1.7 ADJUSTED BUDGET TABLES

The following part of budget presentation portrayed below focuses on budget tables as required in terms of regulation 9 of the Municipal Budget and Reporting Regulations. These tables clearly outline the municipality's 2025/2026 budget and MTREF as approved by the Council. Below each table there is a provision of clarification pertaining to what is depicted from the provided tables

Table B1 - Budget Summary

DC26 Zululand - Table B1 Adjustments Budget Summary - 24/02/2026

Description	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28	
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H			
R thousands												
Financial Performance												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	82 448	-	-	-	-	-	(14 253)	(14 253)	68 196	86 241	90 035	
Investment revenue	8 000	-	-	-	-	-	(2 196)	(2 196)	5 804	8 368	8 736	
Transfers recognised - operational	720 384	-	-	-	-	-	52 211	52 211	772 595	757 969	796 384	
Other own revenue	4 406	-	-	-	-	-	(813)	(813)	3 593	4 586	4 765	
Total Revenue (excluding capital transfers and contributions)	815 238	-	-	-	-	-	34 950	34 950	850 188	857 164	899 921	
Employee costs	302 013	-	-	-	-	-	85	85	302 098	315 906	329 805	
Remuneration of councillors	11 640	-	-	-	-	-	-	-	11 640	12 176	12 711	
Depreciation & asset impairment	99 000	-	-	-	-	-	108	108	99 108	103 554	108 110	
Finance charges	7 575	-	-	-	-	-	(221)	(221)	7 354	7 924	8 272	
Inventory consumed and bulk purchases	10 250	-	-	-	-	-	(205)	(205)	10 045	10 705	11 161	
Transfers and subsidies	-	-	-	-	-	-	2 251	2 251	2 251	-	-	
Other expenditure	123 288	-	-	-	-	-	258 914	258 914	382 202	101 932	110 521	
Total Expenditure	553 766	-	-	-	-	-	260 932	260 932	814 698	552 197	580 581	
Surplus/(Deficit)	261 472	-	-	-	-	-	(225 982)	(225 982)	35 490	304 967	319 340	
Transfers and subsidies - capital (monetary allocations)	916 219	-	-	-	-	-	1 446	1 446	917 665	781 371	838 777	
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	1 177 691	-	-	-	-	-	(224 536)	(224 536)	953 155	1 086 338	1 158 117	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year	1 177 691	-	-	-	-	-	(224 536)	(224 536)	953 155	1 086 338	1 158 117	
Capital expenditure & funds sources												
Capital expenditure	742 877	-	-	-	-	-	1 533	1 533	744 410	650 180	698 768	
Transfers recognised - capital	742 877	-	-	-	-	-	1 533	1 533	744 410	650 180	698 768	
Borrowing	-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-	
Total sources of capital funds	742 877	-	-	-	-	-	1 533	1 533	744 410	650 180	698 768	
Financial position												
Total current assets	677 146	-	-	-	-	-	(223 688)	(223 688)	453 458	1 142 689	1 701 087	
Total non current assets	5 982 751	-	-	-	-	-	774 005	774 005	6 756 756	5 790 684	5 735 273	
Total current liabilities	406 164	-	-	-	-	-	252 115	252 115	658 279	393 685	393 685	
Total non current liabilities	253 363	-	-	-	-	-	9 213	9 213	262 576	192 505	183 066	
Community wealth/Equity	5 999 587	-	-	-	-	-	292 088	292 088	6 291 676	6 343 048	6 850 727	
Cash flows												
Net cash from (used) operating	1 374 721	-	-	-	-	-	(231 784)	(231 784)	1 142 937	1 164 567	1 235 786	
Net cash from (used) investing	(854 309)	-	-	-	-	-	(1 533)	(1 533)	(855 842)	(747 707)	(799 584)	
Net cash from (used) financing	(17 712)	-	-	-	-	-	-	-	(17 712)	(17 712)	(17 712)	
Cash/cash equivalents at the year end	491 525	-	-	-	-	-	(199 038)	(199 038)	292 486	691 634	1 110 124	
Cash backing/surplus reconciliation												
Cash and investments available	484 876	-	-	-	-	-	(203 501)	(203 501)	281 375	979 945	1 501 577	
Application of cash and investments	279 683	-	-	-	-	-	240 832	240 832	520 515	339 972	328 573	
Balance - surplus (shortfall)	205 194	-	-	-	-	-	(444 333)	(444 333)	(239 140)	639 974	1 173 004	
Asset Management												
Asset register summary (WDV)	4 627 814	-	-	-	-	-	657 900	657 900	5 285 715	4 435 748	4 380 336	
Depreciation	95 000	-	-	-	-	-	108	108	95 108	99 370	103 742	
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance	45 589	-	-	-	-	-	49 699	49 699	95 289	52 551	54 979	
Free services												
Cost of Free Basic Services provided	5 063	-	-	-	-	-	(5 063)	(5 063)	-	5 296	5 529	
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-	
Households below minimum service level												
Water:	-	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	7	-	-	-	-	-	-	-	7	6	7	
Energy:	-	-	-	-	-	-	-	-	-	-	-	
Refuse:	-	-	-	-	-	-	-	-	-	-	-	

DC26 Zululand - Table B2 Adjustments Budget Financial Performance (functional classification) - 24/02/2026

Standard Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
R thousands	1.4	A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
<i>Governance and administration</i>		722 863	-	-	-	-	-	10 861	10 861	733 524	767 033	801 726
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		722 863	-	-	-	-	-	10 861	10 861	733 524	767 033	801 726
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 118	-	-	-	-	-	38 738	38 738	40 856	2 136	2 155
Community and social services		1 719	-	-	-	-	-	38 952	38 952	40 671	1 719	1 719
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		399	-	-	-	-	-	(215)	(215)	184	417	436
<i>Economic and environmental services</i>		2 772	-	-	-	-	-	-	-	2 772	2 899	7 029
Planning and development		2 772	-	-	-	-	-	-	-	2 772	2 899	7 029
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 003 344	-	-	-	-	-	(13 227)	(13 227)	990 117	865 804	926 922
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		984 607	-	-	-	-	-	(11 553)	(11 553)	973 053	846 204	906 460
Waste water management		18 738	-	-	-	-	-	(1 674)	(1 674)	17 064	19 599	20 462
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		560	-	-	-	-	-	24	24	584	663	865
Total Revenue - Functional	2	1 731 457	-	-	-	-	-	36 396	36 396	1 767 853	1 638 535	1 738 698
Expenditure - Functional												
<i>Governance and administration</i>		157 805	-	-	-	-	-	147 768	147 768	305 573	165 205	172 508
Executive and council		32 580	-	-	-	-	-	60 837	60 837	93 417	34 079	35 578
Finance and administration		114 888	-	-	-	-	-	61 962	61 962	176 849	120 313	125 640
Internal audit		10 338	-	-	-	-	-	24 969	24 969	35 307	10 813	11 289
<i>Community and public safety</i>		26 183	-	-	-	-	-	41 419	41 419	67 602	27 313	28 444
Community and social services		13 973	-	-	-	-	-	41 306	41 306	55 279	14 541	15 110
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	51	51	51	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		12 210	-	-	-	-	-	62	62	12 272	12 772	13 334
<i>Economic and environmental services</i>		20 747	-	-	-	-	-	546	546	21 292	21 701	26 656
Planning and development		20 747	-	-	-	-	-	546	546	21 292	21 701	26 656
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		339 990	-	-	-	-	-	71 199	71 199	411 189	328 521	343 101
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		326 178	-	-	-	-	-	73 944	73 944	400 123	314 074	328 018
Waste water management		13 812	-	-	-	-	-	(2 746)	(2 746)	11 066	14 447	15 083
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		9 041	-	-	-	-	-	1	1	9 042	9 457	9 873
Total Expenditure - Functional	3	553 766	-	-	-	-	-	260 932	260 932	814 698	552 197	580 581
Surplus/ (Deficit) for the year		1 177 691	-	-	-	-	-	(224 536)	(224 536)	953 155	1 086 338	1 158 117

MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional and the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table B4.

DC26 Zululand - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 24/02/2026

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	+1 2026/27	+2 2027/28
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjus.	Adjus.	Budget	Adjusted	Adjusted
		3	4	5	6	7	8	9	10	Budget	Budget	
		A	A1	B	C	D	E	F	G	H		
R thousands												
Revenue by Vote	1											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		977	-	-	-	-	-	12 561	12 561	13 538	1 099	1 321
Vote 03 - Finance		722 246	-	-	-	-	-	(1 676)	(1 676)	720 570	766 596	801 271
Vote 04 - Community Development		2 118	-	-	-	-	-	38 738	38 738	40 856	2 136	2 155
Vote 05 - Planning & Wsa		922 625	-	-	-	-	-	1 446	1 446	924 071	781 371	842 777
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		64 754	-	-	-	-	-	(12 999)	(12 999)	51 754	67 732	70 712
Vote 09 - Waste Water		18 738	-	-	-	-	-	(1 674)	(1 674)	17 064	19 599	20 462
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 731 457	-	-	-	-	-	36 396	36 396	1 767 853	1 638 535	1 738 698
Expenditure by Vote	1											
Vote 01 - Council		39 008	-	-	-	-	-	62 119	62 119	101 127	40 802	42 597
Vote 02 - Corporate Services		70 945	-	-	-	-	-	72 631	72 631	143 577	74 209	77 474
Vote 03 - Finance		45 795	-	-	-	-	-	12 725	12 725	58 520	48 041	50 189
Vote 04 - Community Development		49 235	-	-	-	-	-	41 876	41 876	91 110	51 425	53 617
Vote 05 - Planning & Wsa		75 338	-	-	-	-	-	444	444	75 781	51 740	58 142
Vote 06 - Technical Services		6 413	-	-	-	-	-	90	90	6 503	6 708	7 003
Vote 07 - Water Purification		48 672	-	-	-	-	-	461	461	49 133	50 911	53 151
Vote 08 - Water Distribution		204 548	-	-	-	-	-	73 332	73 332	277 880	213 913	223 325
Vote 09 - Waste Water		13 812	-	-	-	-	-	(2 746)	(2 746)	11 066	14 447	15 083
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	553 766	-	-	-	-	-	260 932	260 932	814 698	552 197	580 581
Surplus/ (Deficit) for the year	2	1 177 691	-	-	-	-	-	(224 536)	(224 536)	953 155	1 086 338	1 158 117

MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure)

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	4	5	6	7	8	9	10		
R thousands	1	A	A1	B	C	D	E	F	G	H		
Expenditure By Type												
Employee related costs		302 013	-	-	-	-	-	85	85	302 098	315 906	329 805
Remuneration of councillors		11 640	-	-	-	-	-	-	-	11 640	12 176	12 711
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		10 250	-	-	-	-	-	(205)	(205)	10 045	10 705	11 161
Debt impairment		4 000	-	-	-	-	-	-	-	4 000	4 184	4 368
Depreciation and amortisation		95 000	-	-	-	-	-	108	108	95 108	99 370	103 742
Interest		7 575	-	-	-	-	-	(221)	(221)	7 354	7 924	8 272
Contracted services		87 677	-	-	-	-	-	96 700	96 700	184 377	64 771	71 765
Transfers and subsidies		-	-	-	-	-	-	2 251	2 251	2 251	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-	-
Operational costs		35 611	-	-	-	-	-	159 395	159 395	195 006	37 162	38 756
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		553 766	-	-	-	-	-	258 112	258 112	811 879	552 197	580 581
Surplus/(Deficit)		261 472	-	-	-	-	-	(223 162)	(223 162)	38 310	304 967	319 340
Transfers and subsidies - capital (monetary allocations)		916 219	-	-	-	-	-	1 446	1 446	917 665	781 371	838 777
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
		1 177 691	-	-	-	-	-	(221 717)	(221 717)	955 974	1 086 338	1 158 117
Surplus/(Deficit) before taxation												
Income Tax		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		1 177 691	-	-	-	-	-	(221 717)	(221 717)	955 974	1 086 338	1 158 117
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-
		1 177 691	-	-	-	-	-	(221 717)	(221 717)	955 974	1 086 338	1 158 117
Surplus/(Deficit) attributable to municipality												
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1	1 177 691	-	-	-	-	-	(221 717)	(221 717)	955 974	1 086 338	1 158 117

MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)

Table B4 indicates the budgeted revenue and expenditure by source, and the calculated surplus which will be used to fund Capital Expenditure on table B5.

DC26 Zululand - Table B5 Adjustments Capital Expenditure Budget by vote and funding

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	+1 2026/27	+2 2027/28
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	15 670	15 670	15 670	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	15 670	15 670	15 670	-	-
Single-year expenditure to be adjusted	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		87	-	-	-	-	-	87	87	174	88	175
Vote 05 - Planning & Wsa		742 790	-	-	-	-	-	(14 224)	(14 224)	728 566	650 093	698 594
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	6 673	6 673	6 673	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		742 877	-	-	-	-	-	(7 465)	(7 465)	735 413	650 180	698 768
Total Capital Expenditure - Vote		742 877	-	-	-	-	-	8 206	8 206	751 083	650 180	698 768
Capital Expenditure - Functional												
Governance and administration		-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		87	-	-	-	-	-	87	87	174	88	175
Community and social services		87	-	-	-	-	-	87	87	174	88	175
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2 410	-	-	-	-	-	-	-	2 410	2 499	2 611
Planning and development		2 410	-	-	-	-	-	-	-	2 410	2 499	2 611
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		740 380	-	-	-	-	-	8 119	8 119	748 499	647 593	695 983
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		740 380	-	-	-	-	-	8 119	8 119	748 499	647 593	695 983
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	742 877	-	-	-	-	-	8 206	8 206	751 083	650 180	698 768
Funded by:												
National Government		742 790	-	-	-	-	-	-	-	742 790	650 093	698 594
Provincial Government		87	-	-	-	-	-	1 533	1 533	1 620	88	175
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Deparim Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	742 877	-	-	-	-	-	1 533	1 533	744 410	650 180	698 768
Borrowing		-	-	-	-	-	-	6 673	6 673	6 673	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		742 877	-	-	-	-	-	8 206	8 206	751 083	650 180	698 768

MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Table B5 indicates budgeted capital Expenditure by Municipal Vote and standard classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.

DC26 Zululand - Table B6 Adjustments Budget Financial Position - 28/02/2025

Description	Ref	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjus. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
ASSETS												
Current assets												
Cash and cash equivalents		417 029	-	-	-	-	-	(428 205)	(428 205)	(11 176)	659 636	952 704
Trade and other receivables from exchange transactions	1	79 729	-	-	-	-	-	(13 422)	(13 422)	66 307	114 247	150 353
Receivables from non-exchange transactions	1	7 109	-	-	-	-	-	(1 413)	(1 413)	5 696	7 109	7 109
Current portion of non-current receivables	2	-	-	-	-	-	-	-	-	-	-	-
Inventory		2 824	-	-	-	-	-	1 142	1 142	3 966	2 824	2 824
VAT		80 813	-	-	-	-	-	(16 069)	(16 069)	64 744	53 288	53 288
Other current assets		24 653	-	-	-	-	-	(1 068)	(1 068)	23 584	24 653	24 653
Total current assets		612 157	-	-	-	-	-	(459 035)	(459 035)	153 122	861 758	1 190 932
Non current assets												
Investments												
Investment property												
Property, plant and equipment	3	5 311 270	-	-	-	-	-	549 722	549 722	5 860 992	5 266 638	5 404 760
Biological assets												
Living and non-living resources												
Heritage assets		7 817	-	-	-	-	-	-	-	7 817	7 817	7 817
Intangible assets		32	-	-	-	-	-	(24)	(24)	8	11	(10)
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	10	10	10	-	-
Total non current assets		5 319 119	-	-	-	-	-	549 708	549 708	5 868 827	5 274 466	5 412 566
TOTAL ASSETS		5 931 276	-	-	-	-	-	90 673	90 673	6 021 949	6 136 224	6 603 498
LIABILITIES												
Current liabilities												
Bank overdraft												
Financial liabilities		1 556	-	-	-	-	-	16 762	16 762	18 318	1 556	1 570
Consumer deposits		3 702	-	-	-	-	-	(239)	(239)	3 463	3 702	3 702
Trade and other payables from exchange transactions		450 406	-	-	-	-	-	35 311	35 311	485 717	446 831	442 831
Trade and other payables from non-exchange transactions		-	-	-	-	-	-	1 446	1 446	1 446	-	-
Provisions		2 154	-	-	-	-	-	32 786	32 786	34 940	2 154	2 154
VAT		10 311	-	-	-	-	-	(4 933)	(4 933)	5 378	14 769	19 431
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		468 129	-	-	-	-	-	81 133	81 133	549 262	469 012	469 689
Non current liabilities												
Borrowing	1	80 589	-	-	-	-	-	(11 529)	(11 529)	69 060	70 496	61 241
Provisions	1	41 109	-	-	-	-	-	2 961	2 961	44 070	41 109	41 109
Long term portion of trade payables		32 779	-	-	-	-	-	(29 854)	(29 854)	2 925	32 779	32 779
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total non current liabilities		154 477	-	-	-	-	-	(8 422)	(8 422)	116 055	144 384	135 129
TOTAL LIABILITIES		622 606	-	-	-	-	-	42 710	42 710	665 317	613 396	604 818
NET ASSETS	2	5 308 670	-	-	-	-	-	47 962	47 962	5 356 632	5 522 828	5 998 680
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		5 308 220	-	-	-	-	-	47 180	47 180	5 355 400	5 561 687	6 035 662
Funds and Reserves		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		5 308 220	-	-	-	-	-	47 180	47 180	5 355 400	5 561 687	6 035 662

MBRR Table B6 - Budgeted Financial Position

Table A6 is consistent with international standards of good financial management practice and improves the understanding ability of councilors and management of the impact of the budget on the statement of financial position (balance sheet).

This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth.

Table SB2 is providing a detailed analysis of the major components of several items, including: Call investments deposits.

Cash & Overdraft
Consumer debtors.
Property, plant, and equipment.
Trade and other payables.
Provisions
Debt impairment

The financial position determines whether the Municipality will be able to generate enough revenue from its assets to service its liabilities and maintain its operations. Below each line item on the face of financial position will be explained.

CURRENT ASSETS

Cash

Cash at the end of the financial year is expected to be **R280.3 million**. This represents a decrease of **R198.8 million** from **R479.1 million** as per approved budget, this is because of changes in Cash position resulting from performance of the municipality.

Consumer debtors

Consumer debtors include debtors from water and sanitation services, the expected balance at the end of the financial year is **R43.1 million**. Consumer debtors therefore remain the same.

Consumer debtors are calculated as follows:

Opening balance	R16.1 million
Current year billing	R78.9 million
Collection	(R47.6 million)
Interest Charge	R647.8 thousand
Interest Collection	(R398.8 thousand)
Provision	R4.6 million
Debtors Balance	R43.1 million

Other debtors

Other debtors consist of debtor other than consumer debtors, which include Security deposits, VAT Receivable, Prepayments, Overpayments, etc. The budgeted balance at the end of the financial year is **R128.2 million**.

Other debtors are calculated as follows:

VAT	R99.2 million
Deposit made	R26.2 million
Third Party Refunds	R62.4 thousand

Overpayment/Accrued income/UIFW	R873.3 thousand
Employee Salary Advances	R66.6 thousand
Accrued Debtors	R238.3 thousand
Insurance	R139 thousand
Operating lease	R8.5 thousand
Inventory	R1.2 million
Debtors Balance	R128.2 million

Inventory

The inventory is assumed to be **R3.01 million** by the end of the financial year. Inventories consist of water stock and consumable stores.

Inventory have been revised downwards by **R953 thousand** from **R3.9 million** to **R3 million**, the revised amount is attributed to change in opening balances. Inventory will remain the same.

Opening balance	R1.7 million
Bulk water purchases	R7 million
Bulk water Billed	(R1 million)
Materials and supplies Acquisition	R2.5 million
Materials and supplies Issues	(R2.5 million)
Consumable stores Acquisition	R500 thousand
Consumable stores Issues	(R500 thousand)
Closing balance	R3 million

VAT Receivable

VAT Receivable amounts to **R64.7 million**, this is the amount raised when input VAT is recognized as less output VAT collected as VAT reconciliation The municipality has adjusted this line item upwards by **R34 million** from **R64.7 million** to **R99.2 million**.

Other debtors

Other debtors are debtors that arise from non-exchange transactions, the balance for the Financial year is **R23.5 million**. The municipality has adjusted this line item upwards by **R3 million** from **R23.5 million** to **R26.6 million**.

Deposits Made	R26.2 million
Refunds & under/over banking	R62.4 thousand
Overpayment/Accrued income/UIFW	R873 thousand
Operating lease	R8 thousand
Salary Advance	R66.6 thousand

Insurance claims

R139 thousand

Total

R26.6 million

NON-CURRENT ASSETS

Long term receivables

The Municipality does not have receivables classified as long-term receivables.

Property plant and equipment

Property plant and equipment includes capital acquisition from table B5, and the carrying amount of all assets owned by the municipality, total expected balance at the end of the financial year is **R6.7 billion**.

Property plant and equipment has been revised upwards by **R774 million** from **R5.9 billion** to **R6.7 billion**, the revised amount is attributed to correction of budgeted amount.

Intangible

The intangible assets will not be adjusted.

CURRENT LIABILITIES

Consumer deposits

Consumer deposits are deposit amounts of customers that have accounts with the municipality, the expected balance at the end of the financial year is **R3.3 million**. The municipality adjusted consumer deposits downwards by **R91 thousand** from **R3.4 million** to **R3.3 million**.

Financial Liabilities

This is the current portion of the long-term loan repayment and finance lease agreement. The current balance owed amount to **R17.5 million**. The municipality adjusted this line item downwards by **R810 thousand** from **R18.1 million** to **R17.5 million**.

Current portion of Vodacom Fin Lease

R334.2 thousand

Current portion of Long Term Loan	R17.2 million
Current portion of Finance lease BCX	R124.7 thousand
Total Financial liabilities	R17.5 million

Trade and other payables

Trade and other payables are amounts owed by the municipality. Trade and other payables are based on the 24/25 audited Annual financial statements (AFS), Trade and other payables amount to **R600.8 million**. There is a change in trade and other payable from what was budgeted **by R225 million**. This large volume of creditors has a significant impact on the funding position of the Municipality.

Below is the breakdown of trade and other payables.

Calculation of Trade and other payables are calculated as follows.

Creditors Control	R356.8 million
Retention	- R119.2 million
Leave Accrual	R788.9 thousand.
Employee Related Cost	R1.2 million
Eskom	R14.2 million
Advance payments	R2.1 million
Inventory	R349.6 thousand
Unallocated Deposits	R67.7 million
Other Creditors	R38.2 million
Closing balance	R600.8 million

Trade and other payables from non-exchange transactions

This is the amount of unspent conditional grants which will be recognized when the conditions are met. Unspent conditional grants amount to **R1.4 million**.

Current Provisions

Current Provisions are amounts provided by municipality to reflect future cash outflows in terms of GRAP requirements. Current Provisions have been adjusted upwards by **R2.9 million** from **R27.9 million** to **R30.9 million**.

VAT Payables

VAT payable amount to **R5.5 million** which is the decrease of **R4.1 million**, this is the amount paid when output VAT is recognized as less input VAT paid as per VAT reconciliation.

NON-CURRENT LIABILITIES

Borrowing

The municipality has a long term loan which was acquired from ABSA

Borrowing have been revised upwards by **R5.6 million** from **R58.9 million** to **R64.6 million**, the revised amount is attributed to change in opening balances and repayment of loan.

Non - Current Provisions

Non - Current Provisions are amounts provided by municipality to reflect future cash outflows in terms of GRAP requirements. The provisions are for long service awards and post-retirement medical aid benefit. Non - Current Provisions have been adjusted upwards by **R6.4 million** from **R51 million** to **R57.5 million**. This increase results from the revised calculation by the actuarial as disclosed in the AFS.

Post Retirement benefit (Medical aid)	R22.5 million
Long Service award	R34.9 million

Long term portion of trade payables

This is the non-current opening balance of water bulk purchases. The municipality has adjusted non-current water bulk purchases downwards by **R2.9 million** from **R 143.3 million** to **R140.4 million**. This decrease results from the transfer that was made to current liabilities.

Accumulated surplus is the net worth of the Municipality, sitting at **R6.2 billion**.

DC26 Zululand - Table B7 Adjustments Budget Cash Flows - 23/03/2026

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates									-	-		
Service charges		58 477	-	-	-	-	-	(7 564)	(7 564)	50 914	61 167	63 858
Other revenue		249 778	-	-	-	-	-	38 793	38 793	288 571	133 106	155 638
Transfers and Subsidies - Operational	1	720 384	-	-	-	-	-	43 707	43 707	764 091	757 969	792 384
Transfers and Subsidies - Capital	1	916 219	-	-	-	-	-	-	-	916 219	756 953	800 198
Interest		8 516	-	-	-	-	-	(2 313)	(2 313)	6 203	8 908	9 300
Dividends									-	-		
Payments												
Suppliers and employees		(578 653)	-	-	-	-	-	(295 146)	(295 146)	(873 799)	(553 536)	(585 592)
Finance charges												
Transfers and Subsidies	1	-	-	-	-	-	-	(2 589)	(2 589)	(2 589)	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 374 721	-	-	-	-	-	(225 111)	(225 111)	1 149 610	1 164 567	1 235 786
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-	4 000
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments												
Payments												
Capital assets		(854 309)	-	-	-	-	-	(8 206)	(8 206)	(862 515)	(747 707)	(803 584)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(854 309)	-	-	-	-	-	(8 206)	(8 206)	(862 515)	(747 707)	(799 584)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-		
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing		(17 712)	-	-	-	-	-	-	-	(17 712)	(17 712)	(17 712)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(17 712)	-	-	-	-	-	-	-	(17 712)	(17 712)	(17 712)
NET INCREASE/ (DECREASE) IN CASH HELD		502 700	-	-	-	-	-	(233 317)	(233 317)	269 383	399 148	418 490
Cash/cash equivalents at the year begin:	2	(11 176)	-	-	-	-	-	34 279	34 279	23 103	292 486	691 634
Cash/cash equivalents at the year end:	2	491 525	-	-	-	-	-	(199 038)	(199 038)	292 486	691 634	1 110 124

MBRR Table B7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

Cashflow from Operating Activities

Receipts

Service charges

The **R58 million** on service charges is based on the **60%** collection rate. Service charges has been reduced by **R8 million**.

The municipality will also take the following initiatives to boost collection rate:

- The municipality is also collecting debtors from previous financial years.
- The municipality has a revised revenue enhancement strategy.
- The municipality has an external debt collector to assist with the collection.
- Municipality has set a target to collect all debts from Government departments.

- The installation of new meters will assist a lot because there will be customer confidence.
- Municipality have adopted the indigent policy, that will assist in determination of the indigent households. The indigent register is in progress.

Other Revenue

Other revenue is mainly VAT refunds and any other revenue that might be received by the municipality. Other Revenue is **R288 million**.

Other Revenue has been revised upwards by **R38 million** from **R249 million** to **R288 million**, the revised amount is attributed to an increase in VAT refund that is based on the mid-year performance assessment.

Transfers and subsidies – Operational

Transfers and subsidies - Operational are expected to be received as per DoRA, these are grants received to fund operational expenditure.

Transfers and subsidies – Operational have been revised downwards by **R43 thousand** from **R720 million** to **R764 million**, the revised amount is attributed to grants received of **R30 million** from disaster grant and national skills grant reduction of **R12 million**.

Transfers and subsidies – Capital

Transfers and subsidies - Capital are expected to be received as per DORA. these are grants received to fund capital expenditure.

Transfers and subsidies – Capital grants has not been adjusted

Interest

Interest of **R6 million** is based on the year to date actual, this interest includes both interest on investments made and interest on bank balance. Interest will remain the same.

Payments to Suppliers and employees

The municipality is expecting to spend 100% of what has been budgeted on 2025-2026 Table B4 but excluding non-cash items such as depreciation and debt impairment. **R880 million** will be paid.

Payments to Suppliers and employees has been revised upwards by **R301 million** from **R578 million** to **R880 million**, the revised amount is attributed to expenditure adjustments on table B4 and payment of balance sheet items such as retention released, accrued bonus, finance lease payments, and post-retirement employee benefit payments.

Transfers and grants paid.

Transfers and grants are expected to be 100% spent, these cash payment are included on payments to suppliers and employees. The municipality adjusted the budget upwards by **R2.5 million** from **R0** to **R2.4 million**, the increase is based on reallocation of funds through virement process.

Cashflow from Investing activities

Payments Capital Assets

The capital budget is expected to be 100% spent by the end of the financial year, **R855million**.

Cash and cash equivalents at the end

Cash and cash equivalents are expected to be **R292 million** and this is what is available to apply on working capital on table A8

Cash backed reserves/accumulated surplus reconciliation.

DC26 Zululand - Table B8 Cash backed reserves/accumulated surplus reconciliation - 23/03/2026

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	491 525	-	-	-	-	-	(199 038)	(199 038)	292 486	691 634	1 110 124
Other current investments > 90 days		(6 648)	-	-	-	-	-	(4 462)	(4 462)	(11 111)	288 311	391 452
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		484 876	-	-	-	-	-	(203 501)	(203 501)	281 375	979 945	1 501 577
Applications of cash and investments												
Unspent conditional transfers		1 446	-	-	-	-	-	(1 446)	(1 446)	(0)	1 446	1 446
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		(55 019)	-	-	-	-	-	(38 666)	(38 666)	(93 685)	-	-
Other working capital requirements	2	305 316	-	-	-	-	-	277 947	277 947	583 263	313 340	301 941
Other provisions		27 940	-	-	-	-	-	2 997	2 997	30 937	25 186	25 186
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		279 683	-	-	-	-	-	240 832	240 832	520 515	339 972	328 573
Surplus(shortfall)		205 194	-	-	-	-	-	(444 333)	(444 333)	(239 140)	639 974	1 173 004

MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments available at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Based on the recalculated Funding position it is evident that, the 2025/2026 Adjusted budget is unfunded.

The cause of the unfunded position is that the municipality has a large volume of creditors accumulated from previous financial years. Trade and other payables are **R600 million**.

Corrective steps and remedial actions taken by the municipality:

The Municipality has prepared a Budget funding plan showing an improving funding position starting from 2025/2026 budget year, the budget funding plan has been tabled and adopted by council. Which include utilization of VAT refunds from capital grants to reduce creditors. This also includes the arrangements to be made with the suppliers so the municipality can pay at an affordable pace and defer the balance to the next financial year.

DC26 Zululand - Table B9 Asset Management - 23/03/2026

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
		A	7	8	9	10	11	12	13	14		
R thousands		A1	B	C	D	E	F	G	H			
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	742 877	-	-	-	-	-	8 119	8 119	750 909	650 180	698 768
Roads Infrastructure		2 410	-	-	-	-	-	-	-	2 410	2 499	2 611
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		740 380	-	-	-	-	-	1 446	1 446	741 826	647 593	695 983
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		742 790	-	-	-	-	-	1 446	1 446	744 236	650 093	698 594
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		87	-	-	-	-	-	6 673	6 673	6 673	88	175
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets to be adjusted	2a	-	-	-	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-	-

Total Capital Expenditure to be adjusted	4	742 877	-	-	-	-	-	8 119	8 119	750 909	650 180	698 768
<i>Roads Infrastructure</i>		2 410	-	-	-	-	-	-	-	2 410	2 499	2 611
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		740 380	-	-	-	-	-	1 446	1 446	741 826	647 593	695 983
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Infrastructure</i>		742 790	-	-	-	-	-	1 446	1 446	744 236	650 093	698 594
<i>Community Facilities</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Community Assets</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Heritage Assets</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Investment properties</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Other Assets</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Biological or Cultivated Assets</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Intangible Assets</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Computer Equipment</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Furniture and Office Equipment</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Machinery and Equipment</i>		87	-	-	-	-	-	6 673	6 673	6 673	88	175
<i>Transport Assets</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Land</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Mature</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Immature</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Living Resources</i>		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	4	742 877	-	-	-	-	-	8 119	8 119	750 909	650 180	698 768
ASSET REGISTER SUMMARY - PPE (WDV)	5	4 627 814	-	-	-	-	-	677 919	677 919	5 305 734	4 435 748	4 380 336
<i>Roads Infrastructure</i>		931	-	-	-	-	-	718	718	1 648	222	(498)
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		(75)	-	-	-	-	-	36	36	(39)	(116)	(158)
<i>Water Supply Infrastructure</i>		4 533 586	-	-	-	-	-	625 243	625 243	5 158 829	4 355 193	4 313 951
<i>Sanitation Infrastructure</i>		34 353	-	-	-	-	-	(17 339)	(17 339)	17 015	31 874	29 285
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Infrastructure</i>		4 568 795	-	-	-	-	-	608 658	608 658	5 177 453	4 387 173	4 342 580
<i>Community Assets</i>		29 276	-	-	-	-	-	(1 210)	(1 210)	28 067	29 235	29 193
<i>Heritage Assets</i>		7 820	-	-	-	-	-	(0)	(0)	7 819	7 813	7 805
<i>Investment properties</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Other Assets</i>		20 370	-	-	-	-	-	12	12	20 382	18 853	17 269
<i>Biological or Cultivated Assets</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Intangible Assets</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Computer Equipment</i>		(295)	-	-	-	-	-	1 134	1 134	839	(2 294)	(4 382)
<i>Furniture and Office Equipment</i>		567	-	-	-	-	-	56	56	623	(69)	(734)
<i>Machinery and Equipment</i>		5 713	-	-	-	-	-	66 437	66 437	72 150	5 308	4 971
<i>Transport Assets</i>		(4 902)	-	-	-	-	-	2 832	2 832	(2 070)	(10 741)	(16 836)
<i>Land</i>		470	-	-	-	-	-	-	-	470	470	470
<i>Zoo's, Marine and Non-biological Animals</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Living Resources</i>		-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	4 627 814	-	-	-	-	-	677 919	677 919	5 305 734	4 435 748	4 380 336

EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		95 000	-	-	-	-	-	108	108	95 108	99 370	103 742
Repairs and Maintenance by asset class	3	45 589	-	-	-	-	-	49 699	49 699	95 289	52 551	54 979
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		45 389	-	-	-	-	-	44 420	44 420	89 810	52 351	54 779
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		45 389	-	-	-	-	-	44 420	44 420	89 810	52 351	54 779
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		200	-	-	-	-	-	-	-	200	200	200
Machinery and Equipment		-	-	-	-	-	-	38	38	38	-	-
Transport Assets		-	-	-	-	-	-	5 241	5 241	5 241	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	6	-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		140 589	-	-	-	-	-	49 807	49 807	190 396	151 921	158 722
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%							0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	0.0%							0.0%	0.0%	0.0%
R&M as a % of PPE		1.0%	0.0%							1.8%	1.2%	1.3%
Renewal and upgrading and R&M as a % of PPE		1.0%	0.0%							1.8%	1.2%	1.3%

MBRR Table B9 - Asset Management

Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

The infrastructure is funded solely by grants such as MIG, RBIG and WISG, most portions is spent on water provision. The municipal budget for repairs and maintenance is not 8% of PPE, funding is very limited; at the moment there is nothing the municipality can do to fund the budget.

DC26 Zululand - Table B10 Basic service delivery measurement - 23/03/2026

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling		0	0	0	0	0	0	0	0	0	0	0
Piped water inside yard (but not in dwelling)		10120	0	0	0	0	0	0	0	10	10616	11678
Using public tap (at least min.service level)	2											
Other water supply (at least min.service level)		9020	0	0	0	0	0	0	0	9	9	10
<i>Minimum Service Level and Above sub-total</i>	3	19	-	-	-	-	-	-	-	19	20	22
Using public tap (< min.service level)	3,4											
Other water supply (< min.service level)		0	0	0	0	0	0	0	0	-	0	0
No water supply												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	19	-	-	-	-	-	-	-	19	20	22
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		0	0	0	0	0	0	0	0	-	0	0
Flush toilet (with septic tank)												
Chemical toilet												
Pit toilet (ventilated)												
Other toilet provisions (> min.service level)		0	0	0	0	0	0	0	0	-	0	0
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet												
Other toilet provisions (< min.service level)		6809	0	0	0	0	0	0	0	6809	6396	6809
No toilet provisions												
<i>Below Minimum Service Level sub-total</i>		6809	-	-	-	-	-	-	-	6809	6396	6809
Total number of households	5	6809	-	-	-	-	-	-	-	6809	6396	6809
Energy:												
Electricity (at least min. service level)												
Electricity - prepaid (> min.service level)												
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)												
Electricity - prepaid (< min. service level)												
Other energy sources												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Refuse:												
Removed at least once a week (min service)												
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week												
Using communal refuse dump												
Using own refuse dump												
Other rubbish disposal												
No rubbish disposal												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		14	-	-	-	-	-	-	-	14	15	16
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-	-	-
<i>Informal Settlements</i>		-	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)		5 063	-	-	-	-	-	(5 063)	(5 063)	-	5 296	5 529
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)												
Total cost of FBS provided		5 063	-	-	-	-	-	(5 063)	(5 063)	-	5 296	5 529
Highest level of free service provided												
Property rates (R'000 value threshold)												
Water (kilolitres per household per month)												
Sanitation (kilolitres per household per month)												
Sanitation (Rand per household per month)												
Electricity (kw per household per month)												
Refuse (average litres per week)												
Revenue cost of free services provided (R'000)	17											
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)												
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)												
Water (in excess of 6 kilolitres per indigent household per month)												
Sanitation (in excess of free sanitation service to indigent households)												
Electricity/other energy (in excess of 50 kwh per indigent household per month)												
Refuse (in excess of one removal a week for indigent households)												
Municipal Housing - rental rebates												
Housing - top structure subsidies	6											
Other												
Total revenue cost of subsidised services provided												

B10 Basic service delivery measurement

More details are provided in Table B10 Basic service delivery measurement.

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The information in the B10 is provided or taken from the municipality WSDP for 2022/2023. The Zululand district municipality is operating in the area that is dominated by rural areas, most households seem to be indigent as we are in the process of updating the register, the households that are getting billed are people from small urban areas, so the number of households with access to water will increase but not correlating with the increase in service charges. The municipality still stand with the target that was outlined in approved budget.

PART 2 – SUPPORTING DOCUMENTS

2.1 ADJUSTMENTS TO BUDGET ASSUMPTIONS

The adjustment to the budget assumptions is driven by performance against approved budget. There are movements and adjustments made to operating budget and capital budget. The municipality decided to approach the budget in the way that is cost saving and avoid unnecessary expenditure and prioritize service delivery programs.

2.2 ADJUSTMENTS TO BUDGET FUNDING

The funding of the adjustment budget is structured as following.

OPERATING REVENUE	FINAL BUDGET YEAR 2025/2026	ADJUSTMENT	ADJUSTED BUDGET 2025/ 2026	BUDGET YEAR 2026/ 2027	BUDGET YEAR 2027/ 2028
Service charges - water revenue	63 953 799	- 12 736 826	51 216 973	66 895 674	69 839 083
Service charges - sanitation revenue	18 494 480	- 1 515 687	16 978 793	19 345 226	20 196 416
Rental of facilities and equipment	503 998	- 21 616	482 382	503 998	503 998
Interest earned - external investments	8 000 000	- 2 195 601	5 804 399	8 368 000	8 736 192
Interest earned - outstanding debtors	858 157	- 210 285	647 873	897 633	937 129
Fines, penalties and forfeits	605 171	- 347 260	257 910	633 008	660 861
Licences and permits	294 834	- 110 392	184 442	308 397	321 966
Transfers and subsidies	720 384 000	52 210 972	772 594 972	757 969 000	796 384 000
Other revenue	2 144 004	- 279 598	1 864 405	2 241 828	2 324 584
TOATL OPERATING REVENUE	815 238 443	34 793 705	850 032 148	857 162 763	899 904 229

The way that the budget is funded will ensure that the municipality will be sustainable on the short term.

Planned savings and efficiencies.

The following areas were identified for possible savings after the efficiency of the usage of the assets/services has been evaluated:

Telephone costs

Overtime

Non-priority projects

Investments

Short-term investments are anticipated to take place during the financial year, but no investment is projected at year-end of the budget financial year.

2.3 ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

There have been amendments to grants allocation as per provincial gazette allocation. The expectation is that the remaining balance on all grant's allocation will be exhausted at the end of the year.

Budgeted allocations and grants

Please refer to Supporting Table SB8: Expenditure on transfers and grant programmed.

DC26 Zululand - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 23/03/2026

Description	Ref	Budget Year 2025/26						Budget Year	Budget Year	
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	
		A	2 A1	3 B	4 C	5 D	6 E	7 F	+1 2026/27	+2 2027/28
R thousands										
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		461 848	-	-	-	246 751	246 751	708 599	456 124	480 353
Equitable Share		400 220	-	-	-	209 483	209 483	609 703	418 630	437 050
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	4 000
Expanded Public Works Programme Integrated Grant		6 406	-	-	-	62	62	6 468	6 656	6 949
Local Government Financial Management Grant		1 300	-	-	-	80	80	1 380	1 500	1 600
Municipal Disaster Relief Grant		-	-	-	-	37 125	37 125	37 125	-	-
Municipal Infrastructure Grant		53 922	-	-	-	-	-	53 922	29 339	30 755
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		2 119	-	-	-	1 727	1 727	3 846	2 142	2 165
Capacity Building and Other Grants		2 119	-	-	-	1 727	1 727	3 846	2 142	2 165
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	12 527	12 527	12 527	-	-
Electricity Distribution Industry Holdings		-	-	-	-	-	-	-	-	-
KwazuluNatal Provincial Planning and Development Commission		-	-	-	-	-	-	-	-	-
Local Government Water and Related Service SETA		-	-	-	-	328	328	328	-	-
National Skills Fund		-	-	-	-	12 200	12 200	12 200	-	-
Total operating expenditure of Transfers and Grants:		463 967	-	-	-	261 005	261 005	724 972	458 266	482 518
Capital expenditure of Transfers and Grants										
National Government:		742 790	-	-	-	-	-	742 790	650 093	698 594
Municipal Infrastructure Grant		179 964	-	-	-	-	-	179 964	225 780	236 678
Regional Bulk Infrastructure Grant		473 459	-	-	-	-	-	473 459	321 813	354 957
Rural Road Asset Management Systems Grant		2 410	-	-	-	-	-	2 410	2 499	2 611
Water Services Infrastructure Grant		86 957	-	-	-	-	-	86 957	100 000	104 348
Provincial Government:		87	-	-	-	1 533	1 533	1 620	88	175
Capacity Building and Other Grants		-	-	-	-	-	-	-	-	-
Infrastructure Grant		87	-	-	-	1 533	1 533	1 620	88	175
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		742 877	-	-	-	1 533	1 533	744 410	650 180	698 768
Total capital expenditure of Transfers and Grants		1 206 844	-	-	-	262 538	262 538	1 469 382	1 108 447	1 181 287

2.4 ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

Please refer to Supporting Table SB10 Transfers and grants made by the municipality.

The Municipality subsidies households and business through its relief programme

DC26 Zululand - Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality - 23/03/2026

Description	Ref	Budget Year 2025/26										Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total Adjusts.	Adjusted	Adjusted	+1 2026/27	+2 2027/28
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.		Budget	Budget	Budget	Budget
R thousands	A	6 A1	7 B	8 C	9 D	10 E	11 F	12 G	13 H				
Cash transfers to other municipalities													
<i>Dm Kzn: Zululand - Planning & Dev</i>	1	-	-	-	-	-	-	-	-	-	-	-	
<i>Dm Kzn: Zululand - Planning & Dev</i>		-	-	-	-	-	-	-	-	-	-	-	
<i>[insert description]</i>													
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-	
Cash transfers to Entities/Other External Mechanisms													
<i>[insert description]</i>	2												
<i>[insert description]</i>													
<i>[insert description]</i>													
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	-	-	-	-	-	
Cash transfers to other Organs of State													
<i>Ts_O_M_Da&A_Nda_Lgw&Rs Seta Fire&Rescue</i>	3	-	-	-	-	-	-	-	-	-	-	-	
<i>Ts_O_M_Da&A_Nda_Lgw&Rs Seta Waste Water</i>		-	-	-	-	-	-	-	-	-	-	-	
<i>[insert description]</i>													
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-	
Cash transfers to other Organisations													
<i>[insert description]</i>	4												
<i>[insert description]</i>													
<i>[insert description]</i>													
TOTAL CASH TRANSFERS TO OTHER ORGANISATIONS:		-	-	-	-	-	-	-	-	-	-	-	
Groups of Individuals													
<i>[insert description]</i>													
<i>[insert description]</i>													
<i>[insert description]</i>													
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-	-	
TOTAL CASH TRANSFERS	5	-	-	-	-	-	-	-	-	-	-	-	
Non-cash transfers to other municipalities													
<i>[insert description]</i>	1												
<i>[insert description]</i>													
<i>[insert description]</i>													
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-	
Non-cash transfers to Entities/Other External Mechanisms													
<i>[insert description]</i>	2												
<i>[insert description]</i>													
<i>[insert description]</i>													
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	-	-	-	-	-	
Non-cash transfers to other Organs of State													
<i>[insert description]</i>	3												
<i>[insert description]</i>													
<i>[insert description]</i>													
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-	
Non-cash transfers to other Organisations													
<i>Ts_O_Ik_Np Ins_Unspecified</i>	4	-	-	-	-	-	-	-	-	-	-	-	
<i>Ts_O_Ik_Np Ins_Unspecified</i>		-	-	-	-	-	-	2	2	2	2	2	
<i>[insert description]</i>													
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	2	2	2	2	2	
Groups of Individuals													
<i>Hh Ssp Soc Ass: Poverty Relief</i>		-	-	-	-	-	-	2 249					
<i>Ts_O_Ik_Hh_Soc Assis_Social Relief</i>		-	-	-	-	-	-						
<i>[insert description]</i>													
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	2 249					
TOTAL NON-CASH TRANSFERS TO OTHER ORGANISATIONS:		-	-	-	-	-	-	2 251	2	2	2	2	
TOTAL NON-CASH TRANSFERS	5	-	-	-	-	-	-	2 251	2	2	2	2	
TOTAL TRANSFERS		-	-	-	-	-	-	2 251	2	2	2	2	

2.5 ADJUSTMENTS TO COUNCILLORS ALLOWANCE AND EMPLOYEE BENEFITS

No adjustment budgets on the salaries and allowances of municipal staff and councilors. Please refer to Supporting Table SB11 Councilors Allowances, Senior Managers, and all employees.

DC26 Zululand - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 24/02/2026												
Category of remuneration	Ref	Budget Year 2025/26										% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget		
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Councillors (Political Office Bearers plus Other)												
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-	-	
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-	-	
Medical Aid Contributions		-	-	-	-	-	-	-	-	-	-	
Motor Vehicle Allowance		2 257	-	-	-	-	-	-	-	2 257	0.0%	
Cellphone Allowance		778	-	-	-	-	-	-	-	778		
Housing Allowances		-	-	-	-	-	-	-	-	-		
Other benefits and allowances		8 605	-	-	-	-	-	-	-	8 605		
Sub Total - Councillors		11 640	-	-	-	-	-	-	-	11 640	0.0%	
% increase			(0)									
Senior Managers of the Municipality												
Basic Salaries and Wages		7 986	-	-	-	-	-	-	-	7 986	0.0%	
Pension and UIF Contributions		275	-	-	-	-	-	-	-	275	0.0%	
Medical Aid Contributions		71	-	-	-	-	-	-	-	71	0.0%	
Overtime		-	-	-	-	-	-	-	-	-		
Performance Bonus		381	-	-	-	-	-	-	-	381		
Motor Vehicle Allowance		1 934	-	-	-	-	-	-	-	1 934	0.0%	
Cellphone Allowance		277	-	-	-	-	-	-	-	277	0.0%	
Housing Allowances		14	-	-	-	-	-	-	-	14		
Other benefits and allowances		249	-	-	-	-	-	-	-	249		
Payments in lieu of leave		-	-	-	-	-	-	-	-	-		
Long service awards		-	-	-	-	-	-	-	-	-		
Post-retirement	5	-	-	-	-	-	-	-	-	-		
Entertainment		-	-	-	-	-	-	-	-	-		
Scarcity		-	-	-	-	-	-	-	-	-		
Acting and post related allowance		-	-	-	-	-	-	-	-	-		
In kind benefits		-	-	-	-	-	-	-	-	-		
Sub Total - Senior Managers of the Municipality		11 188	-	-	-	-	-	-	-	11 188	0.0%	
% increase			(0)									
Other Municipal Staff												
Basic Salaries and Wages		193 530	-	-	-	-	-	84	84	193 614	0.0%	
Pension and UIF Contributions		32 031	-	-	-	-	-	1	1	32 032	0.0%	
Medical Aid Contributions		19 155	-	-	-	-	-	-	-	19 155	0.0%	
Overtime		5 314	-	-	-	-	-	-	-	5 314	0.0%	
Performance Bonus		15 389	-	-	-	-	-	-	-	15 389		
Motor Vehicle Allowance		22 652	-	-	-	-	-	-	-	22 652	0.0%	
Cellphone Allowance		827	-	-	-	-	-	-	-	827	0.0%	
Housing Allowances		1 772	-	-	-	-	-	-	-	1 772		
Other benefits and allowances		155	-	-	-	-	-	0	0	155		
Payments in lieu of leave		-	-	-	-	-	-	-	-	-		
Long service awards		-	-	-	-	-	-	-	-	-		
Post-retirement	5	-	-	-	-	-	-	-	-	-		
Entertainment		-	-	-	-	-	-	-	-	-		
Scarcity		-	-	-	-	-	-	-	-	-		
Acting and post related allowance		-	-	-	-	-	-	-	-	-		
In kind benefits		-	-	-	-	-	-	-	-	-		
Sub Total - Other Municipal Staff		290 825	-	-	-	-	-	85	85	290 910	0.0%	
% increase												
Total Parent Municipality		313 653	-	-	-	-	-	85	85	313 738	0.0%	

2.6 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

There are adjustments towards service delivery and budget implementation, since the budget has increased, the targets are revised, and key performances indicators have been amended accordingly.

2.7 ADJUSTMENTS TO CAPITAL EXPENDITURE

There has been an increase in the capital budget, resulting from receipts of revised allocation by provincial gazette and revised DORA. The adjustments are as following:

CAPITAL EXPENDITURE 2025-2026	FINAL BUDGET YEAR 2025/2026	ADJUSTMENT	ADJUSTED BUDGET 2025/2026	BUDGET YEAR 2026/2027	BUDGET YEAR 2027/2028
MUNICIPAL INFRASTRUCTURE GRANT	206 958 857		206 958 857	293 387 000	267 433 043
REGIONAL BULK INFRASTRUCTURE GRANT	544 478 000		544 478 000	370 085 000	354 956 522
WATER SERVICES INFRASTRUCTURE GRANT	100 000 000		100 000 000	115 000 000	104 347 826
RURAL ROAD ASSET MANAGEMENT GRANT	2 772 000		2 772 000	2 899 000	2 633 913
INDONSA GRANT	100 000	100 000	200 000	101 739	202 609
BOREHOLE INTERVENTION PROGRAMME		1 445 896	1 445 896		
		7 673 964	7 673 964		
TOTAL CAPITAL EXPENDITURE VAT INCLUSIVE	854 308 856.54	9 219 860.39	863 528 716.93	781 472 739.13	729 573 913.04

Please refer to Supporting Table SB18 capital expenditure on new assets by asset class

2.8 OTHER SUPPORTING DOCUMENTS

MSCOA BUDGETING AND REPORTING REQUIREMENTS AND CHALLENGES; MSCOA MODULES, IMPLEMENTED AND IN USE BY THE MUNICIPALITY

- Balance sheet budgeting using all the 6 regulated segments is possible however there are issues on the system that need to be corrected.
- Cashflow Budgeting remains a challenge with regards to treatment of VAT on capital
- Posting of some transaction is still a challenge, functionality on the system is the main hinderance.
- These inefficiencies affect accuracy of information being reported.
- The Municipality has appointed mSCOA Steering committee and mSCOA implementation committee.
- Development of a roadmap with time frames has been achieved.

2.9 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, S.P. Mosia, Acting Municipal Manager of Zululand District Municipality, hereby certify that the Adjustment Budget has been prepared in accordance with the Municipal Finance Management Act, and the regulations made under the Act.



S.P. Mosia
Acting Municipal Manager
Zululand District Municipality (DC26)

Date: 23/02/2026